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6 JUL 1981

MEMORANDUM FOR: Deputy Director of Logistics

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FROM:

[REDACTED]
Acting Director of Security

SUBJECT: Cost Reduction and Efficiency (CORE) Draft

1. The Office of Security has reviewed the section relating to this Office in the Category One Cost Reduction and Efficiency (CORE) draft paper. We desire to make the following changes:

A. Page one, Office of Security section. Guard Program: Our original figures reflected anticipated savings through FY 83; however, it is noted the target time frame is FY 79 through 30 June 1981. Therefore, the second sentence in the wording of the Guard Program item should read: "Additional savings of \$835,500 through 30 June 1981 are anticipated." The total savings for the applicable period therefore are \$1,284,500.

B. Page two, Office of Security section. Card Index Conversion to Microfiche: There was a mathematical error in the last sentence of this item. It should read "would cost Security \$4,000 annually" vice \$40,000 annually. The savings therefore should read \$65,700.

Because of the above two changes, the totals at the beginning of the draft paper will change, specifically the Executive Summary on page one. The Office of Security total should now read \$2,237,800. The Office of Security summary on page four should reflect Guard Program savings of \$1,284,500 vice \$4,149,000 and Card Index Conversion to Microfiche savings of \$65,700 vice \$101,700. The total savings for the Office of Security should read \$2,237,800.

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2. Also attached to this memorandum is the Category Two Capital Investment Savings paper relating to the Office of Security. Please be aware there is a change in item three in this category vice that which was earlier provided to you. Specifically, using the recapitalization totals of \$5,884,000 for the audio countermeasures upgrade program contained in the Office of Security FY 83 budget submission and applying an estimated 7 percent cost reduction through bulk purchase, it is estimated that \$412,000 could be saved if money were available for this major capital investment rather than purchasing in small quantities as is normally done through the replacement funding program.

25X1 3. I have also noted with interest the different approaches taken by the various offices with respect to the Category One cost savings. The Office of Security, I believe, took a rather conservative approach and provided savings that are very defensible. However, if we were to apply the methodology used by some of the other offices, additional savings might be offered. For example, during the target time frame, this Office has assumed several additional responsibilities without a corresponding increase in authorized manning. This was accomplished by a realignment of existing positions. We have redistributed a total of [] positions in the past 2 3/4 years to provide manning for new or more important responsibilities. If the redistribution had not been done, we calculate it would have cost approximately \$2,425,000 in the past 2 3/4 years to accomplish these tasks. In our approach to this cost savings effort, we did not include this as a "savings" since the personnel rolls did not change. However, it appears some other offices have categorized similar realignments as savings.

25X1 4. In addition we did not include the "savings" accruing from the use of independent contractors. As you know, we use annuitants extensively to assist in background investigations. They can, in fact, conduct an investigation at less cost than a staff employee if costs only are compared. There are, of course, other factors which make staff employees more desirable from an overall job requirement perspective. However, we find that in the last 2 3/4 years, [] case assignments done by these independent contractor annuitants cost \$664,000 less than if they had been done by staff employees. Similarly, annuitants have been providing audio countermeasures monitoring [] [] during construction at an estimated savings of \$55,000 compared to the cost of using staff employees.

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Attachment

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ATTACHMENT

CATEGORY II

CAPITAL INVESTMENTS TO SAVE MONEY IN THE FUTURE

1. Security Communications Improvement Program (PROJECT SCIP)

A comprehensive program to provide OS [] with the word processing, data processing and telecommunications technology now available to greatly enhance the creation, storage and flow of information [] has been included in the FY-1983 budget submission. SCIP budget projections through FY-1983 call for some \$840,000; however, an initial capital expenditure of about \$60,000 in FY-1982 will enable the proposed [] test bed (the equipment for which already exists) to begin almost immediately. Funding this project on an accelerated basis would substantially avoid an estimated 7.9% inflation factor and could realize an estimated savings of some \$51,000 in terminal and printer costs alone.

\$51,000.

2. New Headquarters Compound Building

The construction of a new building on the Headquarters compound would ultimately result in very tangible savings, to say nothing of the immediate benefits in security and increased efficiency of Agency operations. At present, the Agency funds 147,472 manhours from the Federal Protective Service to guard [] outlying Agency buildings in the Washington area. During FY-1981, guard services at these locations will cost the CIA \$1,891,000. By consolidating these guard requirements under one roof, an estimated FY-1985 savings of approximately \$1,731,000 would become possible.

Additional anticipated savings would be realized from a significant reduction in rental costs, a reduced requirement for courier, shuttle and security equipment services and a savings in telephone and telecommunications expenses.

\$1,731,000.

3. Technical Security Recapitalization

Repetitive nibbling away at carefully programmed, long-term cycled funding of our audio countermeasures equipment has been

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counterproductive. Increased unit cost, deferred purchases subject to inflation factors, tremendous wear and tear in pouching, and constant advances in technology, all have resulted in an audio countermeasure capital equipment inventory inadequate in quantity and state-of-the-art. [REDACTED]

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[REDACTED] has been particularly hard hit by chronic undercapitalization. Approximately [REDACTED] will be required to overcome many years of underfunding in these programs. Price breaks resulting from large purchases would save approximately \$412,000. Avoiding the inflation impact resulting from out-year purchases would cause additional savings.

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\$412,000.

4. FY-1983 Theme Package On Terrorism

The Agency's FY-1983 Program Call contains a Theme Package asking for [REDACTED] to strengthen the security environment of CIA installations [REDACTED]. This initiative addresses methods of enhancing [REDACTED] residential security, information security, security education, safety and security equipment, including armor. The immediate funding of selected increments of this program will not only avoid the predictable impact of inflation on a necessary Agency activity but will be of benefit in providing our people overseas a happier and more secure environment. Monies invested in the near term in [REDACTED] residential and security equipment categories could save an estimated \$150,500 by avoiding inflation.

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\$150,500.